

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 1999-156-C - ORDER NO. 1999-739
OCTOBER 20, 1999

IN RE: Application of Blackstone Communications)	
Company for a Certificate of Public)	ORDER ✓ <i>NR</i>
Convenience and Necessity to Provide)	GRANTING
Intrastate Resold Interexchange)	CERTIFICATE
Telecommunications Services Within the)	
State of South Carolina.)	

This matter comes before the Public Service Commission of South Carolina (the "Commission") by way of the Application of Blackstone Communications Company ("Blackstone" or the "Company") requesting a Certificate of Public Convenience and Necessity authorizing it to provide intrastate resold telecommunications services between and among locations within the State of South Carolina as a non facilities-based interexchange telecommunications service provider. The Company's Application was filed pursuant to S.C. Code Ann. § 58-9-280 (Supp. 1998) and the Regulations of the Public Service Commission of South Carolina. The Commission's Executive Director instructed Blackstone to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the affected areas. The purpose of the Notice of Filing was to inform interested parties of Blackstone's Application and of the manner and time in which to file the appropriate pleadings for participation in the proceeding. The Company complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. No Petitions to Intervene were filed.

A hearing was convened on August 25, 1999, at 11:30 a.m. in the Commission's Hearing Room at 101 Executive Center Drive, Columbia, South Carolina. The Honorable Philip T. Bradley, Chairman, presided. Blackstone was not represented by counsel. Jocelyn D. Green, Staff Counsel, represented the Commission Staff.

Matthew Gibbons, Assistant Secretary of Blackstone, appeared and testified in support of the Application. Mr. Gibbons testified that as Assistant Secretary of Blackstone he is in charge of regulatory affairs. His job duties also include ensuring the Company is regulatory compliant with all states' regulations and representing the Company in certification hearings. Mr. Gibbons testified that Blackstone intends initially to sell prepaid phone cards. According to Mr. Gibbons, Blackstone's logo will appear on the card in addition to AT&T's customer service number. Regarding the Company's prepaid phone cards, Mr. Gibbons testified he was aware of the five thousand and no/100 dollars (\$5,000.00) surety bond the Company would have to post with the Commission before offering its prepaid calling cards in South Carolina. In the future, the Company plans to offer "1+" and "800" services.

Further, Mr. Gibbons adopted the testimony of Mr. Luis Arias, President of Blackstone, after making a correction to Mr. Arias' testimony by informing the Commission of the Company's new address. Blackstone's new address is 1600 NW, 34th Street, Miami, Florida, 33117. Mr. Gibbons also submitted more recent financial statements to the Commission. The Company is currently certified in all but five states including South Carolina, Oklahoma, Louisiana, and Connecticut. Mr. Gibbons testified the Company is operating in good standing in all states where it has certification.

According to Mr. Gibbons, Blackstone's existence in South Carolina will serve the public interest by providing an increased selection and improved quality of prepaid calling cards to the

consumers in South Carolina who might not be able to obtain the service from another provider. Blackstone is a Florida corporation that has been granted authority to transact business in South Carolina as a foreign corporation. The Company does not plan to engage in telemarketing in South Carolina. However, employees and independent sales agents will market Blackstone's services at trade shows. The Company will also advertise its prepaid calling cards in trade publications and the Company's agents will solicit retailers and other distributors for support.

Blackstone's technical resources and support will be provided by AT&T. AT&T will also be the Company's underlying carrier. In addition, Mr. Gibbons testified AT&T will handle Blackstone's customer service complaints and if necessary, AT&T will forward calls to Blackstone. Moreover, Mr. Gibbons testified the Company will operate solely as a reseller and has no plans at this time to construct facilities in South Carolina. Furthermore, Mr. Gibbons testified Mr. Luis Arias has final control of the managerial aspects of the Company. If the Commission Staff has questions concerning the managerial staff of the Company, it should contact Mr. Arias. The regulatory contact person for the Company is Mr. Gibbons.

After full consideration of the applicable law, the Company's application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. Blackstone is organized as a corporation under the laws of the State of Florida and is authorized to do business as a foreign corporation in the State of South Carolina by the Secretary of State.
2. Blackstone operates as a non facilities-based reseller of interexchange services and wishes to provide its services in South Carolina.

3. Blackstone has the experience, capability, and financial resources to provide the services as described in its Application.

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to Blackstone to provide intrastate interLATA service and to originate and terminate toll traffic within the same LATA, as set forth herein, through its own facilities and through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service, Private Line Service, or any other services authorized for resale by tariffs of carriers approved by the Commission.

2. The Commission adopts a rate design for Blackstone for its resale of interexchange services which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

3. Blackstone shall not adjust its interexchange rates below the approved maximum level without notice to the Commission and to the public. Blackstone shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in

Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level for its interexchange services reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provision of S.C. Code Ann. §58-9-540 (Supp. 1998).

4. If it has not already done so by the date of issuance of this Order, Blackstone shall file its revised tariff and an accompanying price list within thirty (30) days of receipt of this Order. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations.

5. Blackstone is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers and facilities-based interexchange carriers should be treated similarly.

6. With regard to the Company's resale of service, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

7. Blackstone shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If Blackstone changes underlying carriers, it shall notify the Commission in writing.

8. Blackstone shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment A.

9. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. In addition, the Company shall provide to the Commission in writing the name of the authorized representative

to be contacted in connection with general management duties as well as emergencies which occur during non-office hours. Blackstone shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order.

Attachment B shall be utilized for the provision of this information to the Commission. Further, the Company shall promptly notify the Commission in writing if the representatives are replaced.

10. With regard to the Company's prepaid calling cards, the Company is ordered to include Blackstone's customer service number on its prepaid calling card. In addition, the Company will be subject to this Commission's rules governing providers of prepaid calling card services when the rules are finalized.

11. As a condition of offering debit card services, the Commission requires the Company to post with the Commission a bond in the form of a Certificate of Deposit worth \$5,000.00 drawn in the name of the Public Service Commission of South Carolina or a surety bond in the amount of \$5,000 which is payable to the Commission. The Certificate of Deposit shall be drawn on federal or state chartered banks or savings and loan associations which maintain an office in this state and whose accounts are insured by either the FDIC or the Federal Savings and Loan Insurance Corporation. A surety bond shall be issued by a duly licensed bonding insurance company authorized to do business in South Carolina. This condition may be reviewed in one year.

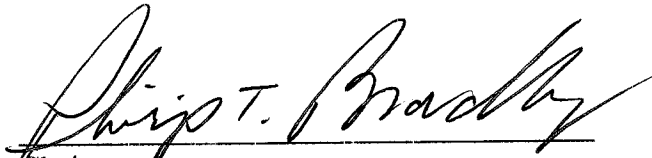
12. If the Company sells its debit cards to retail establishments for resale of the debit cards, and the retailer of the debit cards deviates from the suggested retail price as filed in the tariff, or as approved by the Commission in a special promotion, then the Company will withdraw its cards from that retail outlet. This Commission strongly suggests that the Company

enter into written agreements with its South Carolina retail outlets regarding this policy of abiding by suggested retail pricing prior to the outlet marketing the card.

13. The Company is directed to comply with all Rules and Regulations of the Commission, unless a regulation is specifically waived by the Commission.

14. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)

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ATTACHMENT A

**ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS
FOR INTEREXCHANGE COMPANIES AND AOS'S**

COMPANY NAME

FEI NO.

ADDRESS

CITY, STATE, ZIP CODE

PHONE NUMBER

- (1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS* FOR
12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.
- * THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION,
MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION WORK IN
PROGRESS, ACCUMULATED DEFERRED INCOME TAX, CONTRIBUTIONS IN AID OF
CONSTRUCTION AND CUSTOMER DEPOSITS.
- (4) PARENT'S CAPITAL STRUCTURE* AT DECEMBER 31 OR FISCAL YEAR ENDING
_____.
- * THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT PORTION
PAYABLE), PREFERRED STOCK AND COMMON EQUITY.
- (5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND
EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE AMOUNT
OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS WELL AS
METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT (SEE #3
ABOVE).

SIGNATURE

NAME (PLEASE TYPE OF PRINT)

TITLE

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ATTACHMENT B

**INFORMATION OF THE AUTHORIZED UTILITY
REPRESENTATIVES FOR INTEREXCHANGE, LOCAL
AND AOS COMPANIES**

PURSUANT TO SOUTH CAROLINA PUBLIC SERVICE COMMISSION
REGULATION 103-612.2.4(b), each utility shall file and maintain with the Commission
the name, title, address, and telephone number of the persons who should be contacted in
connection with Customer Relations/Complaints.

Company Name/DBA Name

Business Address

City, State, Zip Code

Authorized Utility Representative (Please Print or Type)

Telephone Number

Fax Number

E-Mail Address

This form was completed by Signature

If you have any questions, contact the Consumer Services Department at 803-896-5230